

ORIGINAL



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Commissioner ~~Rate~~ PROPOSED AMENDMENT NO. 2

TIME/DATE PREPARED: \_\_\_\_\_

COMPANY: Arizona-American Water Company AGENDA ITEM NO. 14

DOCKET NO(S). W-01303A-09-0343 and SW-01303A-09-0343 OPEN MEETING DATE: 12/14-15/10

Page 1 of 2

INSERT page 44, line 10 the following

The Company, the Council, RUCO, and Staff met during a recess from the Open Meeting to discuss possible resolution to a phase-in proposal and other issues. The aforementioned parties agreed to following:

**Phase-in:**

- 1) 3 year phase-in of revenue requirement based on the 2007 & 2008 Pulte refund payments for both water and wastewater as set forth in item 2).
- 2) As compared to the authorized revenues in the Order, Anthem Water District revenues are reduced by a total of \$2.342 million as follows:
  - a) In 2011 the revenue requirement is reduced \$1.561 million
  - b) In 2012 the revenue requirement is reduced \$0.781 million.
  - c) In 2013 revenues equal the authorized revenues
- 3) There is no recovery of the carrying costs associated with the reduced revenues.
- 4) There is no recovery of the foregone reduced revenues.
- 5) The 2007 and 2008 Pulte refunds are included in rate base in the overall authorized revenue requirement in the Order.
- 6) The 2012 and 2013 revenue increases associated with the phase-in are implemented automatically effective January 1 of each year without further Commission action.

Arizona Corporation Commission  
**DOCKETED**

DEC 15 2010

DOCKETED BY

*[Signature]*

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2010 DEC 15 P 4:57  
ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

THIS AMENDMENT:

\_\_\_\_ Passed \_\_\_\_ Passed as amended by \_\_\_\_  
\_\_\_\_ Failed \_\_\_\_ Not Offered \_\_\_\_ Withdrawn

Commissioner Pearce PROPOSED AMENDMENT NO. 2

TIME/DATE PREPARED: \_\_\_\_\_

COMPANY: Arizona-American Water Company AGENDA ITEM NO. 14

DOCKET NO(S). W-01303A-09-0343 and SW-01303A-09-0343 OPEN MEETING DATE: 12/14-15/10

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Page 2 of 2

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**Other Matters**

- 7) The overall revenue requirement is based on a 6.70% rate of return (as per Mayes Proposed Amendment #1)
- 8) Initiation of Anthem/Agua Fria Deconsolidation proceeding (as per Pierce Amendment #1)
  - a) AAWC to file initial application no later than April 1, 2011
- 9) The Anthem / Agua Fria Wastewater district winter average residential sewer rate is not implemented until June 1, 2012. Prior to June 1, 2012, the Company's existing rate design for this tariff shall continue, but be increased based on the percentage increase in the authorized revenue requirement.
- 10) Add language to Exhibit A of Recommended Order and Opinion to reflect, "Each residential customer will be billed based on that customer's average water usage for the months of January, February, and March.
- 11) Support Hearing Division Amendment #2.
- 12) This will be full and complete resolution of the 2007 and 2008 Pulte refunds and there is no need for further Commission proceedings on this issue.
- 13) As contemplated in the Recommended Order, the parties agree the new rates are effective January 1, 2011.
- 14) The Company will immediately file supporting schedules.

We find this resolution reasonable and it appropriately balances the interests of ratepayers and shareholders. We therefore adopt this Agreement.

**MAKE ALL CONFORMING CHANGES, INCLUDING ORDERING PARAGRAPH(S)**

<b>THIS AMENDMENT:</b>		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____